

# Protecting the digital future.

**ESG Handbook**  
2023

IMPACT  
SOCIAL  
INCLUSIVITY  
GOVERNANCE  
ENVIRONMENT  
DIVERSITY  
ESG  
DILIGENCE  
ETHICS  
ACTIONS

The purpose of this handbook is to provide guidance on Environmental, Sustainability, and Governance (ESG) activities and share resources to help you achieve your goals. The handbook includes Forgepoint's own ESG policy, a sample implementation timeline by funding stage, and a list of ESG recommendations. The below recommendations are not meant to be an exhaustive list and have been informed by LP requirements, activities portfolio companies are already undertaking, and Forgepoint's own ESG initiatives.

Please contact Mercy Caprara, Head of Portfolio Operations at [\*\*mcaprara@forgepointcap.com\*\*](mailto:mcaprara@forgepointcap.com) if you have any questions.

## FORGEPOINT'S COMMITMENT TO ESG

Forgepoint Capital's mission is to protect the digital future. We believe investing in cybersecurity will protect individual privacy and ensure greater economic prosperity. In addition, responsible corporate behavior with respect to Environmental, Social and Governance (ESG) factors can mitigate risk and positively influence long-term financial performance.

We are pleased to partner with other organizations focused on ESG. We are proud to be a signatory of the United Nations' Principles for Responsible Investment (PRI), and one of the founding signatories of ILPA's Diversity in Action initiative. We're also an active participant in the ILPA's ESG Data Convergence Project to streamline and align the private investment industry's reporting on ESG activities. This allows GPs and portfolio companies to benchmark and advance their progress while enabling greater transparency and more comparable ESG portfolio information for LPs.



### OUR RESPONSIBLE INVESTING PLEDGES:

- **Inclusivity:** Foster a culture of meritocracy, fairness, and transparency.
- **Community:** Encourage all firm and portfolio company professionals to engage in nonprofit giving and socially responsible volunteer activities.
- **Actions Over Words:** Proactively work with portfolio companies on environmental, health, safety, and social initiatives to improve performance and minimize adverse impacts.
- **Governance:** Promote appropriate governance of our portfolio companies, including establishment of a qualified board of directors, engagement of independent auditors, and creation of appropriate channels for stakeholders to report potentially improper activities.
- **Compliance & Ethics:** Proactively comply with national, state, and local regulations in the countries in which we invest, support competitive wages and benefits for employees, and provide a safe and healthy workplace for all.

- **Data Privacy & Security:** Protect the privacy of confidential consumer and corporate information through our own operations and those of Forgepoint portfolio companies.
- **Protecting Our Planet:** Ensure and continuously improve the environmental responsibility and energy efficiency of our firm and our portfolio companies.
- **Transparency:** Encourage dialogue with our Limited Partners and other stakeholders on how we can manage ESG opportunities and risks in a way that is consistent with their initiatives.
- **Positive Impact:** Not invest in any business that willfully exploits underserved or underprivileged communities and/or creates significant damage to society.

## RESPONSIBILITY: FROM FIRST CALL TO EXIT

Our commitment to ESG starts with our team, composed of individuals who are all passionate about creating positive societal impact by investing in and advising companies that protect the digital world. We incorporate ESG into every aspect of our investment process, starting with our due diligence checklist. Once an investment is made, we actively monitor ESG opportunities and risks on an ongoing basis and require our portfolio companies to periodically provide us with information on their ESG initiatives.

For an overview of Forgepoint's ESG policies and activities, see page 13.



## SUGGESTED IMPLEMENTATION TIMELINE BY FUNDING STAGE

### Seed

- **Environmental:** Conduct training on recycling
- **Social:** Track representation of management and employees by gender and ethnicity, track days worked without injury or illness, conduct anti-harassment training, provide employees a paid volunteering day
- **Governance:** Nominate an ESG champion from the leadership team to oversee ESG activities, actively seek out personal ESG learning opportunities through books, podcasts, etc.

### Series A

Everything in Seed plus:

- **Environmental:** Match employee donations to climate relief organizations, track the company's overall carbon footprint
- **Social:** Source interns and employees from underrepresented groups, track employee mental health, measure employee engagement, provide a family and medical leave policy
- **Governance:** Identify your company's top 3 impact metrics and share the results annually, report ESG risks and opportunities in board meetings

### Series B and Later

Everything in Series A plus:

- **Environmental:** Encourage and incentivize employees to minimize their footprints, replace plastic materials and items in the office with recyclable ones, organize Earth Day volunteering activities
- **Social:** Identify diversity & inclusion gaps with software like Diversio, track the fairness of promotions and ensure equal pay, deploy organizational culture surveys, conduct unconscious bias training for management, measure retention, track and improve diversity of board directors and advisors

## ENVIRONMENTAL RECOMMENDATIONS

- 1 Match employee donations to climate relief organizations (up to a specific amount, such as \$200) annually.** We advise presenting employees a list of vetted charitable organizations (effective climate change-focused ones can be found [here](#)) and matching their donations to demonstrate your organization's commitment and support.
- 2 Track company-wide carbon footprint and encourage employees to pay for carbon footprint offsets.** Companies like [Pachama](#), [Wren](#) and others help calculate your company's or an individual's carbon footprint free of charge, provide access to verified carbon reduction projects such as reforestation, and enable the purchasing of carbon credits that fund projects of your choosing. For an individual, the cost of offsetting a year's worth of carbon emissions may range from \$150 - \$400 depending on the individual's lifestyle, amount of travel, diet, and other factors. We advise subsidizing the carbon offsets either by a fixed percentage or a flat amount (e.g. 20% of the offset cost or \$100 per person) to further incentivize employees to go through the process.
- 3 Organize company-wide volunteering days,** either on or around Earth Day or throughout the year. From tree-planting, to beach clean up to beautifying office and community surroundings, these are great ways to bring your team together and good for morale.





## ENVIRONMENTAL RECOMMENDATIONS

- 4 Conduct training on recycling.** This can be accomplished by working with an external organization such as [Greenpath](#), [Roadrunner](#), and similar groups or by asking an employee to deliver a presentation on the importance and benefits of recycling, what items can be recycled and what cannot, and where employees can place recyclable materials within the office. After conducting a training, we advise tracking the percentage of employees that recycle through a survey.
- 5 Use recyclable materials in the office.** We advise getting rid of disposable plastic materials such as plastic cups, plates, and straws and only use recyclable materials to reduce waste. Installing water bottle filling stations can be a powerful motivator for employees to bring reusable water bottles to work.



# SOCIAL RECOMMENDATIONS

## DIVERSITY & INCLUSION

**1** Track the breakdown, as a percentage, of gender and racial/ethnic group representation for:

- 1) management and board
- 2) technical staff
- 3) and all other employees

**2** Hire interns from underrepresented groups and post openings in non-traditional job networks. Potential groups to consider connecting with for recruiting purposes include:

- Blacks in Cybersecurity
- ICMCP (International Consortium of Minority Cybersecurity Professionals)
- International Order of Black Security Executives
- Minorities in Cybersecurity
- Queercon
- Women in Cybersecurity
- Women in Security and Privacy

You can find more information about these groups [here](#), and feel free to reach out to the Forgepoint team if you have trouble reaching any of these organizations as our team works with several of these.





## HEALTH & SAFETY

- 1 Track employee mental health on an ongoing basis using tools like Moodpath, Animo, Levell, Unmind or others.**

We advise using tools like Animo that not only track mental health but also prioritize recommendations to improve mental health. Encourage employees to take advantage of the mental health benefits available in their healthcare plans.

- 2 Track the number of days worked without injury or illness each year (subject to reporting on OSHA Form 300A).**

## COMMUNITY

- 1 Provide employees a paid service day to give back to their communities in whatever way they see fit.** We advise setting a company-wide service day and asking employees to document their service experience, which can be shared in later team meetings.
- 2 Organize volunteer community event. These are great for teambuilding and culture. Opportunities include helping at a local food kitchen, homeless shelter, or picking up trash in nearby parks.**





## INTERNAL POLICY & CULTURE

**1 Track employee engagement.** This can be achieved through brief, daily pulse surveys that gauge current employee happiness or less frequent surveys that focus on the following three metrics:

**1) Satisfaction** – how pleased is the employee with their tasks, working conditions, pay, benefits, supervisor, and so on?

**2) Alignment** – is the employee motivated by the goals and missions of your organization, or do they wake up every day just to collect a paycheck?

**3) Future orientation** – does the employee envision a future at the company, or see themselves elsewhere in a few years?

**2 Conduct anti-harassment training annually.** Please refer to your state's guidelines to determine at what stage anti-harassment training is mandated by law. In California for instance, all employers with 5 or more employees must provide 1-hour of sexual harassment and abusive conduct prevention training to nonsupervisory employees and 2-hours of sexual harassment and abusive conduct prevention training to supervisors and managers once every two years.





- 3 Provide a family and medical leave policy.** Please refer to your state's guidelines for specific details. In California, employers with 50 or more employees are required to provide eligible employees with up to 12 weeks of leave in a 12-month period for the birth, adoption or foster placement of a child, for the employee's own serious health condition, or to care for a family member with a serious health condition.
- 4 Track the fairness of promotions and ensure individuals of different genders and ethnicities working in the same roles receive equal pay.** We advise making promotion discussions as tangible and quantitative as possible to remove any possible bias.
- 5 Provide an anonymous harassment reporting system.** This could take the form of a physical box, or you could consider working with a startup such as AllVoices which enables the anonymous reporting of harassment, bullying, culture issues, bias, and other concerns.
- 6 Conduct organizational culture surveys quarterly and identify key improvements.** We advise using tools like Culture Amp that have pre-built surveys specifically designed with this purpose in mind.



## GOVERNANCE RECOMMENDATIONS

**1 Nominate a chief ESG Officer or executive champion in charge of overseeing and implementing ESG initiatives.**

**2 Identify your company's top 3 impact-related metrics.**

To clarify, these are not financial metrics, but rather metrics that speak to the overall positive impact the company is having on society. Example metrics for cybersecurity startups may include: number of government agencies protected, number of endpoints protected, sensitive data exposure reduced, data breaches detected, malware detected, security incidents prevented, or number of individuals protected. For further guidance on impact metrics, please contact Mercy at [mcaprara@forgepointcap.com](mailto:mcaprara@forgepointcap.com).

**3 Report ESG risks and opportunities in board meetings.**

For instance, share the ESG activities your company implemented since the previous board meeting, any changes to the representation of management and employees by gender or diversity, and any ESG concerns that your company could use assistance addressing.





## ESG IN ACTION AT FORGEPOINT

### ENVIRONMENTAL

#### Office Operations

- Energy-efficient office environment
- Recyclable/sustainably made office supplies
- Recycling and reusable/compostable dishware and utensils
- Annual e-waste program

#### Employee Contributions

- \$200 reimbursed per employee per year in carbon offset program. Wren asks users questions to calculate their carbon footprint and fund projects that achieve an equivalent or greater reduction in greenhouse gases.



- Earth day volunteering

### SOCIAL

#### Prioritizing DEI

- Firm recruiting, new talent pipeline, hiring, training
- Portfolio company management, board, and team makeup
- Advisory Council members
- Marketing, events, and community engagement

#### Quality Working Conditions

- Healthcare, 401(k) contributions, L/T & L/T disability insurance
- Gym benefit, daily meal allowance
- Cellphone and internet coverage, device allowance
- Firmwide PTO for wellness

#### Charity and Community

- Charitable matching program of up to \$2000 per year per employee
- Earth day and holiday volunteering

### GOVERNANCE

#### Firm and Portfolio

- Due Diligence Checklist
- ESG Handbook
- ESG Champion
- ESG Committee
- ESG as part of team meetings and employee annual reviews
- Ongoing ESG Learning & Development

#### Reporting & Accountability

- Quarterly Portfolio Updates
- Monitoring in Cobalt
- ILPA ESG Data Converge Project
- ILPA Diversity in Action



## ESG RESOURCES

For additional information, we recommend the following:

### Environmental

- Net Zero Carbon Toolkit
- Tips for Building a Sustainable Startup
- 6 Ways to Minimize E-Waste
- Track Your Organization's Carbon Footprint
- Support Carbon Offsetting

### Financial Performance & Innovation

- The Other Diversity Dividend
- How and Where Diversity Drives Financial Performance
- Diverse Companies Produce More Revenue
- How Diversity Can Drive Innovation
- Diverse Teams Feel Less Comfortable, That's Why They Perform Better
- How Diversity Makes Us Smarter

### Governance

- Framework for ESG Board Oversight
- LP Expectations of ESG Reporting

### Legal

- Championing Diversity Without Discriminating
- How Promoting Diversity Helps Avoid Discrimination

### Social

- Diversity and Inclusion Handbook
- Creating a Trans Inclusive Workplace
- How to Develop a DEI Initiative
- Gender Equality Policies for Startups
- Labor Standards by Country
- Unconscious Bias Training Providers
- Create Employee Resource Groups
- Design Inclusive Office Spaces
- Encourage Use of Inclusive Language
- Diversify Organizational Recruiting Efforts
- Remove Bias in Hiring
- Conduct Equal Pay Analysis
- Implement Culture Surveys
- Measure Promotions by Gender and Minority Status

### Standards

- United Nations Sustainable Development Goals
- United Nations Global Compact Principles
- IRIS+ Impact Metrics

### Talent

- Tech Leavers
- To Retain Employees, Focus on Inclusion — not just Diversity
- Lack of Focus on D&I Initiatives is a Key Factor in Employee Turnover
- The Connection Between Diversity In The Workplace & Employee Retention
- Lessons in Inclusive Hiring



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